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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Letter dated 2 October 1997 from the Permanent Representative of Bangladesh to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the text of the Declaration adopted by the Seventh Annual Ministerial Meeting of the Least Developed Countries, held at United Nations Headquarters on 30 September 1997.

I would like to request you to arrange to have the present letter and its annex circulated as an official document of the General Assembly under agenda item 97 (b).

(Signed) Anwarul Karim CHOWDHURY
Permanent Representative

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Annex

DECLARATION OF THE SEVENTH ANNUAL MINISTERIAL MEETING OF THE LEAST DEVELOPED COUNTRIES

We, the Ministers of the least developed countries, meeting at United Nations Headquarters during the fifty-second session of the General Assembly, pursuant to the decision of the Dhaka Declaration of February 1990,

Recalling the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s and the outcome of the High-level Intergovernmental Meeting on the Mid-term Global Review of the Programme of Action for the Least Developed Countries for the 1990s;

Recalling the Ministerial Declaration adopted on 30 September 1996 during the fifty-first session of the General Assembly;

Having assessed progress in the implementation of the Programme of Action, solemnly declare the following:

1. We are deeply concerned that the overall rate of growth of the least developed countries as a group declined in 1996 compared with 1995, despite the painstaking efforts undertaken by the least developed countries. The lack of progress in the implementation of Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s and the poor outcome of the structural adjustment measures are largely attributed to the failure of the international community to come up with the level of committed support to the least developed countries.

2. The disbursements to the least developed countries of official development assistance, their overwhelmingly dominant source of external resources, have continued to decline in real terms. The ratio of official development assistance flows to the least developed countries to the gross national product of countries of the Development Assistance Committee fell to 0.06 per cent in 1995, the lowest level on record. This declining trend is in sharp contrast with the commitment made in the Programme of Action to provide the least developed countries with significant and substantial increases in the aggregate level of external support. We call upon our development partners to take urgent actions to reverse the negative trend and ensure that adequate resources to support the efforts of the least developed countries are made available.

3. The strenuous structural adjustment and economic reform measures undertaken by the least developed countries have produced a modest growth in some countries and the least developed countries are committed to continue and deepen the process of reform. In order for this initiative to take deep roots, the necessity of support from the development partners in providing adequate external assistance, debt relief and easy access to technology, product and service markets can not be overemphasized. In this regard, we welcome the initiative "Africa: Partnership for Development", taken by the G-7 Summit in Denver, and hope that importance will be given to its speedy implementation. We also hope that the call at the Lyons G-7 Summit last year for giving

preferential access to products from the least developed countries will materialize soon.

4. The share of the least developed countries in world exports continues to be under 0.04 per cent, indicating their growing marginalization in world trade. Trade liberalization measures in many cases have been adopted unilaterally by many of the least developed countries, without expansion of access to markets of developed economies. Major declines in export prices in recent months and sharply rising import prices serve to indicate that the prospect of the least developed countries' losing out further in the process of globalization and liberalization is very real. Indeed, it has been estimated that the least developed countries stand to lose up to $600 million a year from the globalization process.

5. The least developed countries have been bypassed by international foreign direct investment flows despite increasing magnitude and dynamism of the current investment boom. Indeed in a large number of the least developed countries the ratio of foreign direct investment to gross domestic product has fallen over the past decade. Out of $350 billion of world foreign direct investment flows in 1996, the developing countries received a record inflow of $129 billion. However, foreign investment flows have remained limited to a handful of developing countries, and the net inflow to the least developed countries has merely been around $1 billion. This has occurred in spite of general acknowledgement by the private sector of the existence of investment opportunities in the least developed countries. Institution of financial support and specific incentives by the home countries are necessary to encourage investment flows. We reiterate that under the present condition foreign direct investment cannot be a substitute for official development assistance in the least developed countries. The least developed countries desperately need official development assistance for capacity-building, establishment of basic institutional infrastructure and strengthening of the existing fragile means of development.

6. Since investment flows are often tied up with transfer of technology, the least developed countries are mostly left out of the know-how for achieving development. The international community should promote, facilitate and finance access to sound technology on preferential terms taking into account the special need of the least developed countries. In order to encourage transfer of technology and corresponding know-how from the private sector, specific financial and other incentives should be instituted.

7. The external debt situation of the least developed countries continues to remain a matter of great concern. The debt burden has continued to grow: between 1990 and 1995, the combined debt stock increased by $20 billion. Clearly, the debt relief measures currently in place have proved to be grossly inadequate. Without a decisive reduction in debt stock and debt service obligations, it would not be possible to attain any meaningful growth rate.

8. We consider the Highly Indebted Poor Countries initiative of the World Bank and International Monetary Fund as a step in the right direction. However, the effectiveness of the scheme will depend critically on the speed of implementation and the extent of relief provided. While a majority of the least

developed countries are included under the Highly Indebted Poor Countries initiative, the debt relief requirements of the other least developed countries should also be promptly and adequately met. We also appeal to all creditor countries to cancel fully all outstanding bilateral official debt owed by the least developed countries.

9. We welcome the WTO Plan of Action for the least developed countries, adopted at the first Ministerial Meeting of the World Trade Organization, held in Singapore in December 1996. This Plan of Action, which provides a framework for according further market access concessions to the least developed countries and for undertaking actions to improve their supply capacity, needs to be given full and adequate content. We call upon our trading and development partners to undertake, at the high-level meeting on the least developed countries, to be held in Geneva on 27-28 October 1997, further market access commitment, including duty-free access provision for all exports from the least developed countries. We also urge that an integrated initiative be agreed upon at that meeting on providing the least developed countries with coordinated and substantially increased technical cooperation in trade and trade-related areas with a view to strengthening their supply capacity of exportable goods and services, in line with the Marrakesh Ministerial Decision on Measures in Favour of the Least Developed Countries.

10. In this connection, we express our appreciation to the Secretary-General of the United Nations Conference on Trade and Development for his initiative, in cooperation and coordination with the relevant international organizations, to assist the least developed countries to formulate integrated country programmes for strengthening the supply capacity of exportable goods and services, pursuant to the relevant decision of the Trade and Development Board at its annual session last year. We note the progress that has been made so far in this regard, and urge all development partners and other countries in a position to do so to contribute generously to the United Nations Conference on Trade and Development Trust Fund for the Least Developed Countries, which aims to provide start-up costs for integrated country programmes. We welcome the cooperation among concerned organizations, particularly the United Nations Conference on Trade and Development, the World Trade Organization, the International Trade Commission, the United Nations Development Programme and the regional commissions in the process of formulation and implementation of the integrated country programmes. We also strongly stress that the above actions in trade and trade-related areas will need to be complemented by full and expeditious implementation of all special and differential measures for the least developed countries contained in the Final Act of the Uruguay Round, the outcome of the Mid-term Global Review of the Programme of Action for the Least Developed Countries and other agreements. We further emphasize the need for additional measures, such as exempting the least developed countries from tariff peaks and tariff escalation and removing all non-tariff barriers, "safety net" mechanisms to help least developed countries overcome the transitional difficulties in the aftermath of the Uruguay Round, the provision of adequate financial support and debt relief.

11. The third United Nations Conference on the Least Developed Countries will provide the international community with a forum for undertaking a comprehensive assessment of the overall development problematique of the least developed

countries and for launching a new action programme for the first decade of the coming century, with a view to promoting their long-term economic and social development and accelerating their integration into the international economic and trading system. As called for in General Assembly resolution 50/103, we request the current session of the General Assembly to finalize its decision on the time-frame, venue and the preparatory process of the third United Nations Conference on the Least Developed Countries, proposed to be held in the year 2000. The Trade and Development Board, at its annual session next month, should provide necessary inputs to the General Assembly regarding the preparatory activities for the Conference and consider issues that could form the core of its substantive agenda.

12. The United Nations must revamp itself to accord high priority to poverty eradication measures. While welcoming the efforts of the Secretary-General to assign priority to the least developed countries, we stress that the United Nations should significantly enhance its support to the least developed countries from its present level. We hope that the United Nations system after its reform, will be adequately equipped to take on additional responsibility concerning the least developed countries. We also believe that the bulk of the expected savings from the reform process will be earmarked for development activities and that high priority be accorded to least developed countries in their allocation.

13. We reaffirm the central role of the United Nations Conference on Trade and Development within the United Nations system in dealing with issues concerning the least developed countries and emphasize that it be adequately strengthened to discharge its mandates in regard to the least developed countries. We also ask the relevant funds and programmes and the regional commissions to attach special importance to the least developed countries in their activities. In particular, the Office of the Special Coordinator for the Least Developed, Land-locked and Island Developing Countries should be provided with required resources for effective discharge of its responsibilities.

14. We welcome the outcome of the Microcredit Summit, held in Washington, D.C., from 2 to 4 February 1997, which launched a global movement to reach 100 million of the world's poorest families, especially women, with credit for self-employment and other financial and business services by the year 2005. We recognize that microcredit programmes are a key strategy in promoting self-employment, income generation, eradication of poverty and empowerment of people, particularly women, and attaining better social justice through facilitating access to credit by the poor. In order to reach the goal of the Summit, we need to establish new micro-lending institutions for facilitating access to credit to people living in poverty and strengthen such existing institutions. We call on all regional and international institutions working to eradicate poverty to come forward to help us attain the goal of the Summit.

15. We express our gratitude to Her Excellency Sheikh Hasina, Prime Minister of Bangladesh, for continuing substantive communications on behalf of the least developed countries, with the Heads of State and Government of the G-7 countries. We are convinced that this standing arrangement for such a dialogue will continue to prove to be greatly beneficial to the least developed countries. We would like to request Her Excellency the Prime Minister to continue her dialogue with the leaders of the G-7 countries and with other development partners, with a view to bringing to their attention issues of particular concern to the least developed countries.